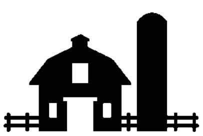
COOPERATIVE EXTENSION SERVICE
UNIVERSITY OF KENTUCKY • COLLEGE OF AGRICULTURE

BLUEGRASS FARM ANALYSIS GROUP, INC.
AREA FARM MANAGEMENT NEWSLETTER

Vol. 3, No. 1 June 7, 2002 P.O. Box 1211, Versailles, Kentucky 40383

University of Kentucky,
College of Agriculture,
Department of Agricultural Economics,
Kentucky Farm Business Management, and
Bluegrass Farm Analysis Group, Inc.
Cooperating



Area Farm Management Specialist
Colby A. Blair
cablair@uky.edu

Support Staff
Linda Jones
lsjones@uky.edu

Summer Intern
Quentin Tyler
quentinrtyler@hotmail.com

Phone: 859.252.3673
Fax: 859.225.9043

Office Move

Beginning July 1, 2002, Bluegrass Farm Analysis Group, Inc. will be relocating to Woodford County. Our new address will be P.O. Box 1211, Versailles, KY 40383. Our office will be located at 115 Crossfield Drive. We are in the process of getting our phones switched, etc. and we will be communicating that information to you when it becomes final.

On your Farm!

Most of you should have seen me on the farm at least once by now. I am currently finishing up a few spring visits and will begin some summer visits in June and will complete the majority in July. Should you have a particular date in mind and would like to get that on my calendar please contact our office and give us a date and time.

Please keep in mind that I would like to spend the majority of the summer visit out on your farm. It is important for me to see your farm and listen to you describe the happenings to date so I can become more aware of the things that are not always visible or obvious in the financial reports.

Preparing for Summer Visits

If you are one who sends your checks in to be processed please get them into the office as soon as you can. The check-in process is made a lot easier if we stay up to date on check coding. Please be aware of our board-approved policy regarding late submission of monthly bank statements.

In review, our policy is that January, February and March bank statements must be submitted to our office by June 1st of the year. Likewise, April, May and June bank statements must be submitted by September 1st of the year. Again, July, August, and September bank statements must be submitted by December 1st of the year. Finally, October, November, and December checks must be submitted at least two weeks prior to your check in date.

You will be assessed a $25/month late fee for each month that each month is submitted late. For example if January, February and March are submitted after August 1st, you will be charged $ 225.00. ($25/month x 3 months of checks x 3 months late).

Realize that just because you haven't received your December Bank Statement, that doesn't preclude you from submitting a list of outstanding checks and deposits. All you need to do is submit a list, with codes and descriptions of all outstanding checks and deposits since the prior bank statement. We encourage early check in and we hope to be checking in on January 3, 2003.

If any of you have sent your checks in already, please review the reports that you get back. In most cases I have made notes and asked questions about the reports. Please have the questions answered as soon as you can.

Also please have your record books handy. Ideally, you should have most of your planted acres recorded. Should you need any additional pages or have any questions please call the office.

Welcome New Cooperators!

Bluegrass Farm Analysis Group, Inc. would like to welcome the following new members:

Bourbon:
Annemarie Laton

Franklin:
Mary Anne Hockensmith

Harrison:

A Special thanks goes out to Gary Carter, Harrison County Extension Agent for Agriculture and Natural Resources, whose hard work and extra effort afforded a grant to assist with cost of new cooperators' dues.

Ben and Jane Clifford
Good Faith Farm- Mark and Mary Ann Sifford and Bryan and Lois Sifford
Joe D. and Carolyn Hendricks

Henry:
Joe and Sharon Barmore
Robin Banta
Phillip and Cindy Douglas
Highlands Farm- Margaret Fowler
Jeffries Farms, LLC-Keith and Laura Jeffries
Doug and Cassie McCoun
Herbert and Brenda McCoun
Phillip and Monica McCoun

Shelby:
Buck Creek Jersey Farm- Henry and Betty Graff, Charles and Pam Graff, and Mark Graff
Burks Branch Farm LLC- Dr. Lawrence and Sherry Jelsma
J.B. Greenhouses, Inc. -James and Delores Bal
Eddie and Debbie Klingenfus
Doug and Robin Langley
Mark and Linda LeCompte
Harry Lee and Twyla Morris
Tom and Linda Peterson
Garry and Shelia Reese
Mike and Betty Roberts
Ryburn and Bettie Weakley
Worth and Dee Ellis Farms - Mike and Sue Ellis, James and Susan Ellis, and Robert and Marsha Ellis

If you know of anyone who may be interested in the services of Bluegrass Farm Analysis Group, Inc. please give me their name and number and I will follow up with them. Testimonials are the best sales piece and if you have one to share, please do so. Thank you for your years of service and your assistance in keeping this program strong.

Merger Update

Darwin Foley, Area Farm Management Specialist for the Louisville Area retired April 30, 2002. Prior to his retirement the University of Kentucky's Agricultural Economics Department chose not to fill his position. In doing this, Louisville Farm Analysis Group, Inc. will dissolve, allowing Shelby County and Henry County to be assumed by Bluegrass Farm Analysis Group, Inc.

To facilitate service to the new area and reduce costs to the University of Kentucky, we are relocating our office. Our rental charge will be reduced from $15,400/year ($14.00sqft) to $8,925 ($8.50/sqft). Be mindful that this will not directly affect our cash flow as the University of Kentucky pays the rent on our behalf. However, this should assist in working towards the goal of a 50/50 cost share arrangement between Bluegrass Farm Analysis Group, Inc. and the University of Kentucky which, in turn, could keep dues increases to a minimum.

Our membership is expected to grow by 20 Cooperators due to the merger pushing our 2002 membership to 45 Cooperators.

Welcome Aboard Quentin!

Bluegrass Farm Analysis Group, Inc. would like to welcome Quentin Tyler to our staff. Quentin will intern with us until August 9, 2002. Quentin is from Hopkinsville, KY and received a B.S. in Agricultural Economics with a minor in Business from the University of Kentucky in May of 2002. He will begin his pursuit of a M.S. in Agricultural Economics at the University of Kentucky in August of 2002. We look forward to working with Quentin this summer and we hope you get the opportunity to meet him.

Farm Bill Offers Little Help To Kentucky Growers

The farm bill sent to President Bush following its approval by the U.S. Senate last week greatly increases spending on agriculture in some states. But, like the 1996 farm bill that it replaces, the legislation won't do much for Kentucky farmers, according to agriculture economists and other experts.

Kentucky has many small, diversified farms and the measure benefits mostly the large corporate farms that dominate the midwestern grain belt, said Roger Nesbitt, spokesman for the Kentucky Farm Bureau.

"For the guys in Kentucky, this is not going to have much impact," said Steve Riggins, a grain marketing extension specialist for the University of Kentucky. Kentucky's senators, Republicans Mitch McConnell and Jim Bunning, voted against the measure. In his statement on the floor, McConnell said that, despite some bright spots such as conservation funds for cattle farmers and an expansion of food assistance programs for the needy, the bill is fundamentally unfair to Kentucky. "Three out of four Kentucky farms will receive almost no direct federal benefit from this bill," said McConnell, who serves on the Senate Agriculture, Nutrition and Forestry Committee. This bill actually could hurt small farms, he said, because the producer price guarantees "will encourage overproduction which, in turn, will lead to lower prices. This will put pressure on the smaller family farms to keep up. That will be difficult and I fear more and more family farms in Kentucky and across America will disappear."

Kentucky has about 90,000 farms. Their average size is 151 acres, compared with the national average of 434 acres. The state's top two crops, horses and tobacco, are largely unaffected by the bill. The final bill eliminated a House provision that would have provided loans to Kentucky thoroughbred farms hurt by last year's foal crisis. Tobacco is usually excluded from farm bills, said Will Snell, a UK tobacco economist. For cattle and other livestock producers, there are some benefits, said Lee Meyer, a UK extension livestock economist. "One of the things it will do is encourage a very large production of grain, and that keeps feed prices low, helping the profitability of livestock," he said. Also, the bill provides some startup funds for direct sales of beef, lamb and other meat, which could benefit producers.

Finally, the bill increases by 80 percent the money available to farms to improve environmental practices. The federal government will partially pay for manure cleanup, erosion prevention and idling environmentally sensitive land. But again, large-scale livestock operations will benefit more than small farms. "The good things in the bill, like conservation, I consider to be minor, with minor funding," said Ed Nelson, president of Community Farm Alliance, an advocacy group for small family farmers in Kentucky.

The Kentucky Corn Growers Association praised the bill as providing an economic safety net for their farmers. "I believe this is a good bill for our Kentucky corn farmers," said President Terry Rhodes. "It keeps us in business by providing good price support." Kentucky farmers who grow grain and soybeans will see an increase in subsidies to 172 million, compared with 104 million under the old law, according to an analysis by the University of Missouri's Food and Agricultural Policy Research Institute. In contrast, farms in Iowa–some of the biggest beneficiaries–will get $1.7 billion in subsidies, compared with 1.2 billion under the old law. Then in 2010 there will be no estate tax.

Kristen Haukebo, *The Courier-Journal*

Farm Bill Tax Problem?

An oversight by Congress could create tax nightmares for farmers and ranchers, Iowa State University economist Neil Harl said in a presentation at ISU's 75th annual Soil Management and Land Valuation Conference.

Under the Farm Security and Rural Investment Act of 2002, producers can opt to receive up to half their direct payments in advance of the normal payment date of October 1st for each of the 2003 through 2007 crop years. The producer can decide in which month to receive the funds, but the earliest date those payments can be made is December of the year before the crop is harvested.

However, Harl explained, an Internal Revenue Service doctrine known as "constructive receipt" makes payments taxable in the earliest year in which those payments can be received, regardless of when actually received. That means, for example, a producer who elects to take the advance pay for the 2003 crop year any time from December 2002 to September 2003 would have a tax liability for that payment in 2002.

The doctrine is not new. Congress exempted from constructive receipt program payments made under the 1996 farm act. But Congress failed to renew that provision in the 2002 legislation. It will take further legislation by Congress to correct the problem.

www.econ.iastate.edu/faculty/harl/

Tobacco Market Transition Act of 2002 (H.R. 4753)

On May 16, 2002, U.S. Representatives Goode (I-VA), Boucher (D-VA), and Jones (R-NC) introduced the Tobacco Market Transition Act. This bill contains a buyout to compensate quota owners for the loss of their asset upon termination of the federal tobacco program, provides transition payments to growers, and replaces the existing federal tobacco program with a federally chartered corporation to administer a modified production control/minimum price guarantee tobacco program designed to enhance the price competitiveness of U.S. tobacco. The bill does not contain provisions for Food and Drug Administration (FDA) regulation on tobacco products. A brief overview of the bill follows.

Quota Owner Compensation

Eligibility: Quota/allotment owners as of July 1, 2002.
Base Quota: Eligible quota owners will have the option of selecting their 2002 basic quota as their base quota level or the average of basic quota from the 1997, 1998, and 1999 marketing years. Dark acreage allotments will be converted to poundage by multiplying either the 2002 acreage allotment, or at the election of the allotment holder, the average acreage allotment from the 1997, 1998, and 1999 marketing years, by the 2002 yield, or the average 1997, 1998, and 1999 yield, whichever applies.
Payment Rate: Eligible quota/allotment owners will be compensated $ 8.00/lb times their base quota level.
Timing of Payments: Payments to quota owners will be made by the Tobacco Production Control Corporation (see below) in five equal annual installments during the 2002-2006 period.
Tax Implications: Quota Owner compensation shall be treated as capital gains income for income tax purposes.

Grower Compensation

Eligibility: Only "active" tobacco growers are eligible for transition payments. "Active" is defined as a producer who provides the Tobacco Production Control Corporation information to demonstrate that he/she planted or is considered to have planted a crop in 2001 or 2002.
Production Base: Eligible tobacco growers will have the election of selecting 2002 production marketing years.
Payment Rate: Eligible tobacco growers will be compensated $4/lb times their production base.
Timing of Payments: the Tobacco Production Control Corporation will make Payments to quota owners in five equal annual installments during each of the 2002-2006 crops years.
Tax Implications: Grower compensation shall be treated as ordinary income for income tax purposes.
Death Clause: If a tobacco grower entitled to transition payments dies, the remaining payments shall be transferred to a surviving spouse, or if there is no surviving spouse, payments will be transferred to the estate.

Compensation of Others

The Tobacco Production Control Corporation shall consider the feasibility to make transition payments to others (e.g., tobacco graders, inspectors, checkers, auctioneers, equipment dealers, warehousemen) who are adversely affected by the termination of the federal tobacco program.

Tobacco program

This Act terminates the existing federal tobacco program and replaces it with a program consisting of production licenses minimum base prices, the continuation of grower-owned cooperatives to purchase eligible tobacco not bought by tobacco manufactures and dealers, and allows growers to continue to have the option of purchasing federal tobacco crop insurance.

The Secretary of Agriculture shall forgive all existing outstanding loans associated with tobacco held in grower cooperatives on the date of enactment of the Act and shall transfer title of these inventories to the Commodity Credit Corporation. Upon enactment of the Act, all No-Net-Cost funds shall be transferred to a Trust Fund (see below).

A federally chartered corporation called the Tobacco Production Control Corporation, whose members consist of the following Board of Directors, will administer the new tobacco program:

1. The Secretary of Agriculture
2. Two members from each state that produces more than 250 billion pounds of tobacco (appointed by the Secretary of Agriculture).
3. One member from each state that produces more than 50 million pounds, but less than 250 million

pounds of tobacco (appointed by the Secretary of Agriculture).
4. One member from each state, on a rotating basis, that produces less than 50 million pounds of tobacco (appointed by the Secretary of Agriculture).
5. Three members representing flue-cured (appointed by the flue-cured tobacco loan association).
6. Two members representing burley (appointed by the burley tobacco loan associations).
7. One member representing the public health community (appointed by Secretary of Health and Human Services).
8. Three members representing the public health community (appointed by Secretary of Health and Human Services).
9. Four members representing the domestic tobacco product manufacturers (appointed by the State of Agriculture).
10. One member representing domestic export leaf dealers (appointed by the Secretary of Agriculture).
11. One member responsible for the quality assurance system outlined below (appointed by the Secretary of Agriculture).

The Tobacco Production Control Corporation duties shall include the following:

1. Establish a licensing system for the orderly production and marketing of tobacco in the United States.
2. Issue licenses to "active" tobacco producers as defined above, who are prohibited from selling, leasing, or transferring this license (except as part of a lifetime transfer to a spouse or direct descendant engaged in tobacco production).
3. In case of the licensee's death, allow for the transfer of the license to the surviving spouse, or if no surviving spouse, to the surviving direct descendants.
4. Establish the amount that each licensee may market based on the current formula for determining quotas.
5. Establish the amount that each licensee may market based on the current formula for determining quotas.
6. Enter into an agreement with producer-owned loan associations to establish a base price (based on the cost of production) for each kind of tobacco (beginning with the 2003 crops). To arrange for financing and administration of the base price, and receive, process, store, and sell any tobacco placed under loan.
7. Conduct a program referendum at the end of the three-year period following enactment of this Act if at least 1/3 of the licensees for a specific kind of tobacco request a referendum. If more than ½ of licensees voting in the referendum oppose the continuation of the program, the Corporation shall conduct a second referendum one year later. If at least ½ of the licensees voting in the referendum oppose the continuation of the program, the Corporation shall conduct a second referendum one year later. If at least ½ of the licensees voting in the second referendum oppose the continuation of the program, the Corporation shall terminate the program.
8. Periodically conduct additional referendum to determine if licensees favor continuing the program.

Penalties
The Secretary of Agriculture may assess penalties (e.g. revocation/suspension of licenses or 100% of the average market price, or both) for any tobacco sold in excess of the amount allowed under the licensing agreement or by an individual without a license.

Funding
U.S. Treasury creates the Tobacco Community Revitalization Trust Fund, which shall consist of existing No-Net-Cost funds and other yet to be determined funds appropriated to the Trust.

Funds in the Trust will be available to finance the quota buyout, grower transition payments, costs associated with forgiving existing loans and transferring inventories to the Commodity Credit Corporation, payments to others adversely affected by the elimination of the federal tobacco program, costs encountered by the Tobacco Production Control Corporation, loan associations, and the Secretary of Agriculture in administering the new program. The Trust Fund will be administered by the Tobacco Production Control Corporation.

Note: While the exact cost of this buyout proposal is somewhat uncertain given the quota owners and growers have on selecting base years, and potential funding to others, it is very clear that a significant amount of alternative funding sources beyond No-Net-Cost will be needed to fund this Act.

William Snell, Department of Agricultural Economics, University of Kentucky May 2002.

How to Analyze the Tax Benefits of Leasing

If you're unclear about the effects of tax benefits generated by equipment leasing, you're not alone. "How do they compare to ownership?" "Which is better?" You know the IRS has certain requirements for leases, but you get a different answer from each source. That's because leasing guidelines are not clear-cut, and the answers depend. They depend on variables unique to your situation. Here are some generalities you should know to help you ask the right questions.

Leasing allows faster write-off

Here's an example: moveable agricultural equipment. According to IRS classification, it has a 7-year tax life. Equipment owners write off their entire lease payments every year for five years.

The shorter write-off period the lease means a larger deduction each year. The result is lower taxable income and decreased tax expense. This benefit of leasing is significant in high-profit years, especially if you're nudging a higher tax bracket. Ken Thomas, product manager of tax and estate planning at the Farm Credit Bank of St. Paul, urges producers to look ahead. "Project your tax bracket for the next five years, " he advises. "It helps to determine the overall effect of tax write-offs for equipment." "Timing of the tax deduction is the key issue," Thomas explains. "At the very best, ownership allows a half-year depreciation the first year. You may be allowed to claim as little as one and one-half months if 40 percent of equipment acquisitions occur in the last calendar quarter," he said. "Leasing almost always provides a larger deduction up front."

Your accountant says your lease payment is not deductible?

Only "true lease" payments are deductible. Unless the transaction falls within certain guidelines, it could be ruled a "conditional sale" by the IRS. Although the term "lease" appears in the contract, the IRS would require the same tax treatment as an owned (or purchased) asset.

The difficulty is in the interpretation of the guidelines. They begin by saying, " these guidelines do not define, as a matter of law, whether a transaction is or is not a lease for Federal income tax purposes." Also, "facts and circumstances" will rule on a case-by-case basis. Liberal interpretation makes leasing flexible and that's good. But an interpretation that is too liberal may trigger a challenge from the IRS. Court cases have tested the guidelines, setting precedents by which FCL has carefully structured its leases. Several tax specialists in the Farm Credit System have credited FCL with careful, conservative judgment in the ability of its lease products to "hold up" under IRS scrutiny.

How do you know if your transaction is a true lease?

Six guidelines direct determination of the tax deductibility of a transaction as a lease. Two are fairly straightforward. Their intent is to ensure the lease is a bonafide business transaction and not a covert agreement by two parties solely to glean tax benefits. The other four address the liability of the lessee and the lessor in the transaction and interplay with each other.

1. Length of term

The lease term should expire before the end of the property's entire economic life. This is to ensure that the lessor's investment in the equipment is appropriately "at risk."

2. Minimum unconditional "at risk" investment

The lessor must demonstrate an appropriate level of risk for the property from the beginning to end of the lease. In other words, payments must amortize only the value of the equipment consumed through use. The lessor must not receive excessive payments to reduce the investment risk.

3. Purchase option

At the end of the lease, the lessee may not have the right to purchase the property from the lessor for less than the fair market value. This guideline eliminates "bargain purchase options" where the lessee can buy the equipment for an amount lower than its actual a value. Its purpose is to maintain the lessor risk level. If the lease were structured according to the guidelines, the lessor would need to sell the equipment for its fair market value to recover any investment.

4. No investment by lessee

The lessee may furnish no part of the cost of the property. This means there can be no down payment or trade-in that would reduce the acquisition cost of the equipment for the lessor. And the lessee may not make or guarantee a loan for the lessor to purchase the equipment. The motive, again, is to keep the lessor at risk and not allow the lessee to build any equity in the equipment.

What is FCL's interpretation?

Think back to the standard 5-year lease with a 10 percent fixed purchase option for moveable agricultural equipment mentioned earlier. FCL promotes this lease structure as a true lease for tax purposes. Skeptics may question it for two reasons: 1) the 10 percent purchase option and 2) the fact that the purchase option is fixed or stated as an absolute amount at the beginning of the lease.

FCL's producer customers say they prefer a lease with a fixed purchase option. They want to know exactly what their costs will be when they enter the transaction. To meet that need, FCL analyzed the varied end of lease values of a wide range of agricultural equipment. The resulting fixed purchase options FCL offers with its leases reflect fair market value when considering the category of used equipment in general (rather than individual pieces). And FCL feels comfortable that using such fixed purchase options does not jeopardize the true lease classification. Unfortunately, many people confuse a fixed purchase option with a bargain purchase option (less than fair market value). While a fixed purchase option may be a bargain, it isn't necessarily so.

Guidelines give an approximate acceptable fair market value of 20 percent. FCL experience, however, places the average fair market value of the moveable agricultural equipment category closer to 10 percent.

Kelly Tobin told Lease Lines, "A major issue in getting tax advisers and producers to accept the tax deductibility of lease payments is the buyout." Tobin, who is the state director of the Tax Division at Farm Credit Services, Lansing Michigan says, "If the fixed purchase option is 10 percent of the original cost on a five-year lease, it will most likely pass IRS scrutiny. I haven't seen one challenged in 10 years."

If you're comfortable with the 10 percent residual lease, FCL offers a full spectrum of terms and residuals to fit the equipment and your situation.

FCL's lease purchase
You will know if your FCL lease is not a true lease by looking at the lease document. FCL offers shorter terms for used equipment and other special applications. FCL also offers an option for bargain purchase options as low as $1.00 and the ability to have a trade-in or down payment. These options classify the FCL lease purchase as a conditional sale for tax purposes.

Summary
The final decision should be made with the advice of your accountant. Because it depends......

Reprinted from Lease Lines newsletter

Quotes

A man who deliberately and intelligently takes a pledge and then breaks it forfeits his manhood.
Mahatma Gandhi

Blessed be the Lord that hath given rest unto his people Israel according to all that he promised...
Kings 8:56

Children are the living messages we send to a time we will not see.
John. W. Whitehead

Travel is fatal to prejudice, bigotry and narrow-mindedness, and many of our people need it sorely on these accounts.
Mark Twain

A boy becomes an adult three years before his parents think he does...and about two years after he thinks he does.
Lewis Hershey

Often we change jobs, friends and spouses instead of ourselves.
Akbarali H. Jetha

Home is a place you grow up wanting to leave and grow old wanting to get back to.
John Ed Pearce

Life begins as a quest of the child for the man and ends as a journey by the man to rediscover the child.
Laurens Van Der Post

Your Suggestions are Welcomed

I encourage you to make suggestions for future Bluegrass Farm Analysis Group, Inc. newsletters. If you would like to hear about a specific topic please call the office and I will research it for you and provide the information for the next newsletter.

Colby A. Blair
Linda Jones
Quentin Tyler, Editors
Bluegrass Farm Analysis Group, Inc.

University of Kentucky
Department of Agricultural Economics
400 Charles E. Barnhart Bldg.
Lexington, KY 40546-0276
Phone: 859.257.5762
Fax: 859.323.1913
URL: http://www.uky.edu/Ag/AgEcon/

2001 Summary
Kentucky Farms

Net Farm Income	$112,104
Interest on Equity Capital	-$59,085
Unpaid Family Labor	-$1,851
Labor & Mgt. Returns	=$51,168
Unpaid Operator Labor	-$35,703
Management Returns	=$15,465
Crop Returns/Acre	$346
Livestock Return Above Feed/Acre	+$45
Custom Work/Acre	+$5
Other Farm Receipts/Acre	+$13
Tobacco Returns/Acre	+$26
Gross Farm Returns/Acre	$434
Tillable Acres	
Owned	406
Crop Shared	440
Cash Rented	538
Yields Per Acre	
Corn	155 Bu.
Full Season Soybeans	44 Bu.
Wheat	78 Bu.
Double Crop Soybeans	35 Bu.
Grass Hay	1 T
Alfalfa	4 T
Tobacco	2,837 Lbs.
Land Use	
Corn	40.9%
Full Season Soybeans	24.7%
Wheat	16.0%
Double Crop Soybeans	17.3%
Grass Hay	7.6%
Alfalfa	0.9%
Tobacco	0.4%
Prices Received	
Old Crop	
Corn	$2.18/Bu.
Full Season Soybeans	$4.75/Bu.
Wheat	$2.51/Bu.
Double Crop Soybeans	$4.64/Bu.
Grass Hay	$44.05/T
Alfalfa	$127.00/T
Tobacco	$2.00/Lb.
New Crop	
Corn	$2.09/Bu.
Full Season Soybeans	$4.35/Bu.
Wheat	$2.56/Bu.
Double Crop Soybeans	$4.38/Bu.
Grass Hay	$69.69/T
Alfalfa	$105.00/T
Tobacco	$2.00/Lb.

2001 Summary
Bluegrass Area Farms

Net Farm Income	$48,131
Interest on Equity Capital	-$18,289
Unpaid Family Labor	-$1,125
Labor & Mgt. Returns	=$28,717
Unpaid Operator Labor	-$26,156
Management Returns	=$2,561
Crop Returns/Acre	$266
Livestock Return Above Feed/Acre	+$229
Custom Work/Acre	+$29
Other Farm Receipts/Acre	+$53
Tobacco Returns/Acre	+$206
Gross Farm Returns/Acre	=$782
Tillable Acres	
Owned	64
Crop Shared	124
Cash Rented	123
Yields Per Acre	
Corn	130 Bu.
Full Season Soybeans	52 Bu.
Wheat	72 Bu.
Double Crop Soybeans	36 Bu.
Grass Hay	2 T
Alfalfa	3 T
Tobacco	2,435 Lbs.
Land Use	
Corn	14.4%
Full Season Soybeans	12.9%
Wheat	1.8%
Double Crop Soybeans	1.6%
Grass Hay	36.5%
Alfalfa	17.1%
Tobacco	4.9%
Prices Received	
Old Crop	
Corn	$2.12/Bu.
Full Season Soybeans	$4.58/Bu.
Wheat	N/A
Double Crop Soybeans	N/A
Grass Hay	$45.11/T
Alfalfa	$200.75/T
Tobacco	$1.89/Lb.
New Crop	
Corn	$1.76/Bu.
Full Season Soybeans	$4.16/Bu.
Wheat	$2.06/Bu.
Double Crop Soybeans	$4.29/Bu.
Grass Hay	$79.87/T
Alfalfa	$130.78/T
Tobacco	$1.93/Lb.

2001 Summary
Louisville Area Farms

Net Farm Income	$72,842
Interest on Equity Capital	-$56,134
Unpaid Family Labor	-$2,128
Labor & Mgt. Returns	=$14,580
Unpaid Operator Labor	-$31,228
Management Returns	=$16,648
Crop Returns/Acre	$279
Livestock Return Above Feed/Acre	+$86
Custom Work/Acre	+$9
Other Farm Receipts/Acre	+$27
Tobacco Returns/Acre	+$53
Gross Farm Returns/Acre	=$453
Tillable Acres	
Owned	276
Crop Shared	210
Cash Rented	485
Yields Per Acre	
Corn	128 Bu.
Full Season Soybeans	43 Bu.
Wheat	65 Bu.
Double Crop Soybeans	34 Bu.
Grass Hay	1 T
Alfalfa	4 T
Tobacco	2,590 Lbs.
Land Use	
Corn	28.3%
Full Season Soybeans	32.0%
Wheat	13.9%
Double Crop Soybeans	14.3%
Grass Hay	13.4%
Alfalfa	1.9%
Tobacco	1.1%
Prices Received	
Old Crop	
Corn	$1.97/Bu.
Full Season Soybeans	$4.64/Bu.
Wheat	$2.73/Bu.
Double Crop Soybeans	$4.77/Bu.
Grass Hay	$80.74/T
Alfalfa	$82.88/T
Tobacco	$1.86/Lb.
New Crop	
Corn	$1.99/Bu.
Full Season Soybeans	$4.34/Bu.
Wheat	$2.42/Bu.
Double Crop Soybeans	$4.33/Bu.
Grass Hay	$100.97/T
Alfalfa	$60.11/T
Tobacco	$1.96/Lb.